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UNITED STATES SECURITIES AND EXCHANGE COMMISSIO

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Washington, D.C. 20549

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FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 1992

92-2255

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES ACT OF 1934
For the transition period from _____ to _____.

Commission file No. 1-6336

PETROMINERALS CORPORATION
(Exact name of registrant as specified in its charter)

BEST COPY AVAILABLE

Delaware	No. 95-2573652
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2472 Chambers Road, Suite 230, Tustin, California 92680
(Address of principal executive offices)

(714) 730-5400
(Registrant's telephone number including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

[X] Yes [ ] No

The number of shares of Registrant's Common St ..tstanding at April 30, 1992 was 7,810,336.

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PETROMINERALS CORPORATION

INDEX

		Page No.
PART I - CONDENSED FINANCIAL INFORMATION		
Item 1.	Financial Statements	
	Condensed Consolidated Balance Sheets March 31, 1992 (unaudited) and December 31, 1991	3
	Condensed Consolidated Statements of Operations and Retained Earnings - three months ended March 31, 1992 and 1991 (unaudited)	4
	Condensed Consolidated Statements of Cash Flows - three months ended March 31, 1992 and 1991 (unaudited)	5
	Notes to Condensed Consolidated Financial Statements (unaudited)	6
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	7 - 8
PART II - OTHER INFORMATION		8 - 9
SIGNATURES		9

PART I - CONDENSED FINANCIAL INFORMATION
Item 1. Financial Statements

PETROMINERALS CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(Dollars In thousands, except par value data)

ASSETS	March 31 1992	December 31 1991
Current Assets:		
Cash and cash equivalents	$ 387	$ 686
Accounts receivable	684	839
Inventories	62	68
Prepaid expenses	202	90
Total current assets	1,335	1,683
Property held for sale	773	773
Property and equipment at cost (including oil and gas properties accounted for on the successful efforts method), less accumulated depreciation, depletion and amortization of $16,985 in 1992 and $16,773 in 1991	4,790	4 910
Notes receivable and other assets	244	250
	$ 7,142	$ 7,616
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 189	$ 405
Current portion of long-term debt	170	170
Accrued liabilities	193	163
Royalties payable	50	56
Total current liabilities	602	794
Long-term debt, net of current portion	339	381
Deferred income taxes	1,280	1,280
Shareholders' equity:		
Preferred stock, $0.10 par value, 5,000,000 shares authorized; no shares issued and outstanding	---	---
Common stock, $0.10 par value, 20,000,000 shares authorized; 7,810,336 shares issued and outstanding in 1992 and 1991	782	782
Capital in excess of par value	218	218
Retained earnings	3,921	4,161
Total shareholders' equity	4,921	5,161
	$ 7,142	$ 7,616

See accompanying notes.

PETROMINERALS CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

(Unaudited)
(Dollars in thousands, except per share data)

	For the three months ended March 31,	
	1992	1991
Revenues:		
Produced oil and gas sales	$ 322	$ 471
Production services	1,340	1,676
Interest income and other	25	120
Total revenues	1,687	2,267
Costs and expenses:		
Produced oil and gas operating expense	336	441
Production services expense	1,018	1,285
Depreciation, depletion and amortization	212	224
General and administrative	334	348
Interest expense	12	17
Taxes other than income and other expenses	15	16
Total costs and expenses	1,927	2,331
Net loss before provision for income taxes	240	64
Provision for income taxes	---	---
Net loss	240	64
Retained earnings beginning of period	4,161	5,077
Retained earnings end of period	$ 3,921	$ 5,013
Net loss per common share	$ .03	$ ---

See accompanying notes.

PETROMINERALS CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)
(In thousands)

	For the Three Months Ended March 31	
	1992	1991
Cash flow from operating activities:		
Net loss	$ (240)	$ (64)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation, depletion and amortization	212	224
Other	3	43
Changes in operating working capital	(141)	(51)
Net cash provided by (used in) operating activities	(166)	152
Cash flows from investing activities:		
Additions to property held for sale	---	(20)
Capital expenditures	(90)	(172)
Net cash used in investing activities	(90)	(192)
Cash flows from financing activities:		
Principal repayments of debt	(43)	(43)
Net cash used in financing activities	(43)	(43)
Net decrease in cash and cash equivalents	(299)	(83)
Cash and cash equivalents at beginning of period	686	388
Cash and cash equivalents at end of period	$ 387	$ 305

See accompanying notes.

PETROMINERALS CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

March 31, 1992

(Unaudited)

1. **Basis of presentation**

The accompanying condensed financial statements consolidate the accounts of Petrominerals Corporation and Petrominerals Exploration and Development Corporation. In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary for a fair presentation for the interim periods. The results of operations for the three month period ended March 31, 1992 are not necessarily indicative of the results to be expected for the full year.

The accompanying condensed consolidated financial statements do not include footnotes and certain financial presentations normally required under generally accepted accounting principles; and, therefore, should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 1991.

2. **Per share information**

Per share information for the three month periods ended March 31, 1992 and 1991, is based on 7,810,336 shares which represent the weighted average number of shares outstanding during the periods.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Financial Condition

During the three month period ended March 31, 1992, the Company utilized net cash of $166,000 in operations. During the same period, cash and cash equivalents decreased $299,000 which is primarily attributed to the use of working capital to finance operations, capital expenditures and to service debt.

The Company believes that at current oil and gas price postings and production service level, its internal cash flow will be sufficient to meet budgeted operating and debt service requirements for the remainder of fiscal 1992. The current oil price postings are approximately $2.25 and $1.00-$2.25 per barrel higher than the March 31, 1992 and December 31, 1991 prices, respectively.

The Company's liquidity and available capital resources are directly impacted by the worldwide price of oil and gas. Oil prices are primarily dependent upon available world supplies which can vary significantly depending on many international economic and political factors. An excess worldwide supply was evident during the first three months of 1992, as the net price the Company received for its oil ranged from a high of $9.43 to a low of $8.86. This compares to an average price of $12.04 for the year ended December 31, 1991.

During the month of March 1992, the average price the Company received for its produced crude was $9.27 per barrel, which is $1.62 below the average price in December 1991. The Company cannot predict, with any degree of certainty, the future price of oil.

Results of Operations - Three Months Ended March 31, 1992 as compared with Three Months Ended March 31, 1991

The Company experienced a 7% decrease in oil production volume for the first quarter of 1992, from the first quarter of 1991. In addition, the average price of crude oil for the quarter decreased 26% to $9.17 from $12.40 during the first quarter of 1991. The decreased production and lower oil prices resulted in a 32% decrease in oil and gas revenues. The decreased oil production resulted from heavy rains in February 1992 and the Company's decision to temporarily shut-in wells which became uneconomic to produce due to low oil prices.

Results of Operations - Three Months Ended March 31, 1992 as compared with Three Months Ended March 31, 1991 (Continued)

The Company's production service rig hours decreased approximately 18% while the average rig rate for the first quarter of 1992 remained constant with the same period in 1991. This resulted in a decrease in production service revenues of 20%. Service rig operating expenses also decreased 21% due to the decreased rig hours. These factors resulted in a 18% decrease in the gross margin for the production service division of the Company.

The reduced rig utilization resulted from rigs being released by the major oil companies for whom the Company performs well servicing. This is due to the low oil prices which have existed since the beginning of the year. At the current time, 15 out of 25 rigs are in operation.

General and administrative expenses decreased 4% for the first quarter of 1992, compared to the same period in 1991. This decrease results from a cost reduction program the Company instituted in March 1992. This program is expected to provide greater reductions as the year progresses.

PART II - OTHER INFORMATION

Item 1. - Legal Proceedings

In October 1989, the Company, as Plaintiff, filed an action against McFarland Energy, Inc., and its subsidiaries (collectively, the Defendants) in the Superior Court of Orange County, California. This action sought damages in excess of $8,000,000 against the Defendants and arises out of the termination of the 1987 Merger Agreement between Petrominerals Corporation and the Defendants. In April 1992, this litigation was settled. The parties dismissed their respective lawsuits, and there is no admission of wrongdoing by either party. McFarland Energy agreed to pay the sum of $50,000 which constitutes partial reimbursement of Petrominerals' litigation costs, upon the execution of a Settlement Agreement by both parties.

Item 5. Other Information

In March 1992 Everett L. Hodges resigned from his position as President and Chief Executive Officer of the Company in order to pursue other business interests. Mr. Hodges continues to serve as a Director of Petrominerals Corporation.

PART II - OTHER INFORMATION (CONTINUED)

Item 5. Other Information

Pending the appointment of a President and Chief Executive Officer, the Board of Directors appointed Kenneth M. Padula to serve as Chief Administrative Officer of the Company. Mr. Padula was appointed to serve as the Company's Vice President and Chief Financial Officer in July of 1991 and continues to hold these offices.

The Board of Directors has formed an Executive Committee for the purpose of overseeing oil field operations. This Committee consists of Directors Paul L. Howard and Everett L. Hodges. Kenneth M. Padula was also appointed by the Board to serve as a member of this Committee.

Signatures

Pursuant to the requirement of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PETROMINERALS CORPORATION

DATED: May 13, 1992

Kenneth M. Padula
Chief Administrative Officer
Chief Financial Officer